

Remarks/Arguments

Please amend claims 1, 2, 4, 15, 21, 23-24, 36-37, and 44.

I. Rejections under 35 U.S.C. §101:

Examiner, previously rejected claims 1-15 as being directed to non-statutory subject matter under 35 U.S.C. §101. In particular, Examiner has rejected claims 1-15 as being directed merely to an arrangement of data, although stored in a processor readable medium. Examiner states that an "arrangement of data is non-functional descriptive material, which is not statutory subject matter even if stored in a computer-readable medium," citing MPEP §2106IV.B.1 and IV.B.1(b). In response, Applicants note the Supreme Court has held, Congress chose the expansive language of 35 U.S.C. §101 so as to include "anything under the sun that is made by man." *Diamond v. Chakrabarty*, 447 U.S. 303, 308009, 206 USPQ 193, 197 (1980). Applicants note that descriptive material can be characterized as either "functional descriptive material" or "nonfunctional descriptive material," as stated in MPEP §2106 IV.B.1. The MPEP goes on to note that "functional descriptive material" consists of data structures and computer programs which impart functionality when employed as a computer component. When functional descriptive material is recorded on some computer-readable medium it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since the use of technology permits the function of the descriptive material to be realized. In MPEP §2106 IV.B.1(b) states that descriptive material that cannot exhibit any functional interrelationship with the way in which computing processes are performed does not constitute a statutory process, machine, manufacture or composition of matter.

Where certain types of descriptive material, such as music, literature, art, photographs, and mere arrangements or compilations of facts or data are merely stored so as to be read or outputted by a computer without creating any functional interrelationship either as part of the stored data or as part of the computing processes performed by the computer then such descriptive material alone does not impart functionality either to the data as so structured or to the computer. Nonfunctional

descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirements of 35 U.S.C. §101. The presence of the claimed nonfunctional descriptive material is not necessarily determinative of nonstatutory subject matter. For example, in the MPEP it is noted that a computer that recognizes a particular grouping of musical notes read from memory and upon recognizing that particular sequence, causes another defined series of notes to be played, defines a functional interrelationship among the data and the computing process performed when utilizing that data and as such is statutory because it implements a statutory process. Applicants agree with Examiner that a preexisting digital file having independent value to a provider alone is possibly nonfunctional descriptive material which may not by itself be patentable. However, Applicants believe that amended independent claim 1 claiming a preexisting digital file having independent value to a provider, a digital string provided by a purchaser to a provider system where the digital string has latent value at least to the purchaser along with the limitations of the digital string embedded two or more times in the preexisting digital file by the provider system, to form an embedded digital file, wherein the digital string is embedded at least once in a hidden manner forming a hidden digital string before the valued content is conveyed to the purchaser is directed to statutory subject matter that falls within 35 U.S.C. §101. In particular, Applicants assert that amended independent claim 1 includes nonfunctional descriptive material in combination with functional descriptive material that defines a functional interrelationship both as part of the stored data and as part of the computing processes performed by the computer that provides the necessary functional and structural interrelationship to satisfy the requirements of 35 U.S.C. §101.

II. Rejections under 35 U.S.C. § 112

Examiner, previously rejected claims 44-46 as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular, Examiner rejected claim 44 as having insufficient antecedent basis for the limitation "said purchaser." In amended independent claim 44 Applicants have amended "said purchaser" to --a purchaser--.

III. Rejections under 35 U.S.C. §103(a):

Examiner previously rejected claims 1-15, 21-35, and 37-44 under 35 U.S.C. §103(a) as being unpatentable over Wiser et al. (U.S. Patent No. 6,385,596, "Wiser") in view of Fujiwara (U.S. Patent Application Pub. 2001/0054081).

Amended independent claim 1 discloses "a processor readable medium having a valued content in a digital form, organized to contain: a preexisting digital file having independent value to a provider; and a digital string provided by a purchaser to a provider system of said preexisting digital file, said digital string having a latent value at least to said purchaser, *said digital string embedded two or more times in said preexisting digital file* by said provider system, to form an embedded digital file, before the valued content is conveyed to said purchaser, wherein *said digital string is embedded at least once in a hidden manner forming a hidden digital string*," as it is disclosed, defined, and claimed, in amended independent claim 1 by Applicants in the instant specification. *Emphasis added.* In contrast, Wiser discloses three distinct data objects used to encapsulate information used in a transaction. The three data objects are: 1) encrypted media files used to store media content; 2) a media voucher; and 3) a passport that encapsulates the user's personal information and the encryption keys to decrypt the encrypted media file. That is Wiser discloses the use of a passport digital file that enables the user to decrypt a media file, whereas the purchased media data file 200 is encrypted with the public key of a user's media player thus binding the media data file 200 to a specific user. *See* Col. 8, lines 48-51. Fujiwara on the other hand discloses a merchandise data contents delivery system that embeds personal data of the requesting user in the header of a PDF file which is displayed when the data contents of the file are displayed. Applicants believe that neither Wiser nor Fujiwara discloses, teaches, or suggests the claim elements and limitations as disclosed in amended independent claim 1.

In regards to amended independent claim 15, claim 15 discloses a "digital processor comprising: a processor readable medium having a valued content in a digital

form, organized to contain: a preexisting digital file having independent value to a provider; and a digital string provided by a purchaser to a provider system of said preexisting digital file, said digital string encrypted by said provider system and combined with an encrypted provider digital string to form a combined encrypted digital string, said combined encrypted digital string embedded two or more times in said preexisting digital file by said provider system before the valued content is conveyed to said purchaser, said digital string having a latent value at least to said purchaser which places said purchaser at increased financial risk when known by another." As noted above neither Wiser nor Fujiwara discloses, teaches, or suggests either embedding a combined encrypted digital string or embedding such a file two or more times in the preexisting digital file. Although Applicants note that it is the combination of all the elements specifically as recited in each claim that determines the allowability over art; Applicants emphasize these two elements solely to emphasize how claim 15 is distinguishable over the prior art.

In regards to amended independent claims 21, 37, and 44 Applicants believe that the combination of all the elements determines allowability over the art; however, again each of these independent claims contains limitations similar to claim 1 that distinguishes these claims over Wiser and Fujiwara.

Examiner, previously rejected claim 36 under 35 U.S.C. §103(a) as being unpatentable over Dwork et al. (U.S. Patent No. 6,038,316, "Dwork") in view of Fujiwara (U.S. Patent Application Pub. 2001/0054081).

In regards to amended independent claim 36, claim 36, discloses, a "method for protecting valued content comprising the steps of: electronically acquiring a digital string from a purchaser, said acquired digital string having a latent value at least to said purchaser; embedding said acquired digital string in an encryption key to form an embedded encryption key; embedding said acquired digital string two or more times in a preexisting digital file having independent value to a content owner to form an embedded digital file, wherein said acquired digital string is embedded at least once in a hidden manner forming a hidden digital string; encrypting said embedded digital file to

form an encrypted digital file; and conveying said embedded encryption key and said encrypted digital file, as valued content, to said purchaser." In contrast, Dwork discloses a process for distributing content that includes picking an extrication function, obtaining a user number, generating an authorization signal value, and combining the user number and authorization signal value to form a signet pair. As noted above Fujiwara discloses a merchandise data contents delivery system that embeds personal data of the requesting user in the header of a PDF file which is displayed when the data contents of the file are displayed. Applicants believe that neither Dwork nor Fujiwara discloses, teaches, or suggests the claim elements and limitations as disclosed in amended independent claim 36.

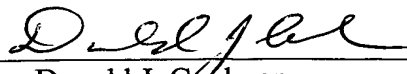
Therefore, in view of the foregoing Amendment and Remarks, Applicants believe the present application to be in a condition suitable for allowance. Examiner is respectfully urged to reconsider the present Application in light of the foregoing Amendment, and pass the amended Application to allowance.

If for any reason the Examiner finds the application other than in condition for allowance, the Examiner is respectfully requested to call Applicants' representative at (541) 715-1694 to discuss the steps necessary for placing the application in condition for allowance.

Favorable action by the Examiner is solicited.

Hewlett-Packard Company
1000 NE Circle Blvd. m/s 422B
Corvallis, OR 97330
(541) 715-1694

Respectfully submitted,
Charles M. Patton et al.

By: 
Donald J. Coulman
Reg. No. 50,406
Attorney for Applicant

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